



FIRST



FEDERAL CO-OPERATIVE CONFERENCE

OPENED BY

His Excellency the Governor General
SIR RONALD MUNRO FERGUSON
G.C.M.G., P.C.

MAY 14TH, 1918.

ATHENÆUM HALL
MELBOURNE.



Interstate Conference of Co-operative Companies.

DELEGATES.

VICTORIA.

Victorian Producers' Co-operative Company Limited—	Victorian Orchardists' Co-operative Association Limited—
Messrs. P. H. H. Ibbott, Chairman. A. Kelly, Director. E. F. Cleary, Director. S. S. Tully, Director. H. S. Brittingham, Secretary.	Messrs. Sydney Stott, Director. J. W. Thomas, Director.
Western District Factories Co-operative Produce Company Limited—	The Wimmera Inland Freezing Company Limited—
Messrs. T. McCullough, Chairman. H. W. Osborne, Manager.	Messrs. Thos. Hatchett, Chairman. J. C. Hutchings, Director. J. Stephens, Director.
Gippsland and Northern Co-operative Selling and Insurance Company Limited—	Goulburn Valley Industries Company Limited—
Messrs. James McKenzie, Chairman. P. Johnson, Director. A. W. Wilson, Manager. L. Lowsby, Secretary.	Messrs. J. F. Graham, Chairman. B. Cummins, Director. A. E. Bennett, Manager.
Victorian Butter Factories Co-operative Company Limited—	Geelong District Farmers' Co-operative Association Limited—
Messrs. W. R. Doig, Chairman. C. C. Lewis, Manager.	Messrs. Wm. Ham, Managing Director. Hon. H. F. Richardson, M.L.C., Director.
	Western and Murray Districts Co-operative Bacon Curing Company Limited—
	Messrs. Michael Burke, Director. A. McKellar, Secretary.

NEW SOUTH WALES.

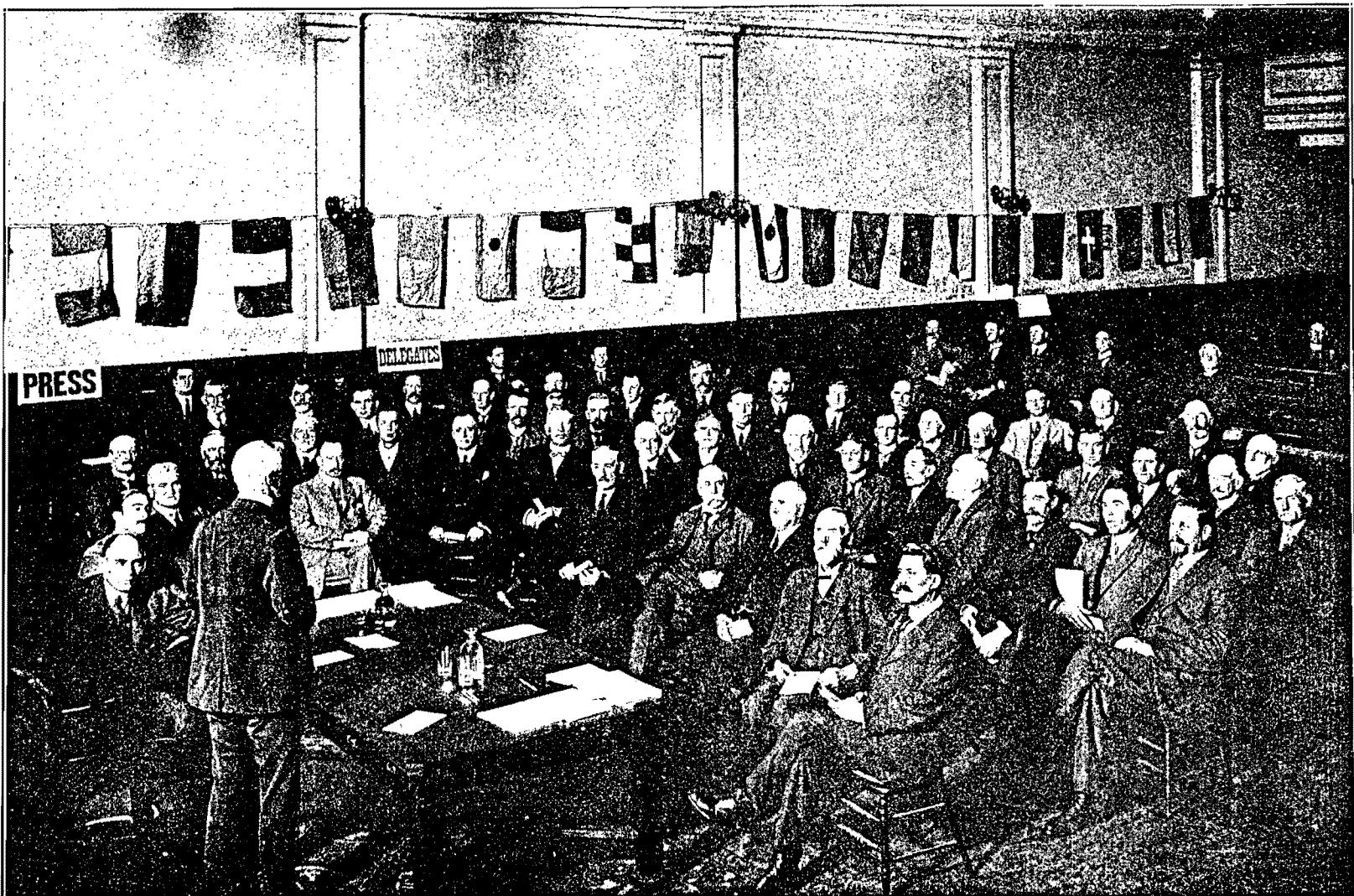
The Coastal Farmers' Co-operative Society Limited—	The Farmers' and Settlers' Co-operative Grain Company Limited—
Messrs. C. E. D. Meares, General Manager. W. Watts, Director.	Messrs. E. J. Gorman, Director. T. R. Donnelly, Manager.

SOUTH AUSTRALIA.

The South Australian Farmers' Co-operative Union Limited—	Farmers' and Producers' Co-operative Limited—
Messrs. Wm. Miller, M.P., Chairman. E. A. Badecock, Manager.	Mr. W. K. Mallyon, Chairman.

QUEENSLAND.

Queensland Cheese Manufacturers' Association—	The Downes Co-operative Bacon Company—
Mr. W. Purell, President.	Mr. H. M. Hart, Chairman.
Rural Industries (Queensland) Limited—	The Queensland Co-operative Fruitgrowers Limited—
Mr. A. C. Galbraith, Manager.	



AUSTRALASIAN DELEGATES TO CO-OPERATIVE CONGRESS.

The Governor-General opening the First Federal Conference at the Athenaeum Hall, Melbourne, 14th May, 1918.

WESTERN AUSTRALIA.

The Westralian Farmers Limited—

Messrs. Basil Murray, Managing Director.
C. Walter Harper, Director.
Stirling Taylor, Manager.

TASMANIA.

Farmers', Stockowners', and Orchardists' Association—

Messrs. L. H. Shoobridge, President.
H. Young, Councillor.
C. M. Perkins, Councillor.
F. J. Hyndes, Councillor.
A. J. Honey, Secretary.

Tasmanian Orchardists' and Producers' Co-operative Association—

Mr. H. B. Barrett, Director.

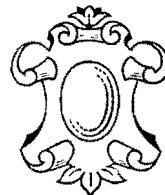
NEW ZEALAND.

New Zealand Farmers' Co-operative Association of Canterbury Limited—

Mr. E. W. Relph, Manager.

The Farmers' Co-operative Wholesale Federation (N.Z.) Limited, Christchurch, N.Z.—

Mr. John Hooton, Manager.





Federal Co-operative Conference.

An Interstate Conference of the Co-operative Companies of Australasia was commenced at the Athenaeum Hall on 14th May, at 2.45 p.m.

MR. BASIL MURRAY (Managing Director of the Convening Company—the Westralian Farmers Ltd.) briefly opened the proceedings.

Opening
Proceedings.

HIS EXCELLENCY THE GOVERNOR-GENERAL delivered an interesting address, saying:—The promoters of this Conference have called together representatives of agricultural co-operation, or organisation, from all Australasia. That is exactly the area over which a central co-operative body should operate if agriculturists are to buy and sell to the best advantage.

Governor-
General's
Address.

England, Ireland and Scotland have each a National Organisation Society. Local societies in each kingdom intimate their requirements to their central societies. The Chairman of the three parent societies, with their officials, meet once a year in London as an Executive Board, where prices are struck for the year with merchants and manufacturers, as well as with co-operative producing societies, for the supplies needed by the local societies of the whole United Kingdom during that period. This Board also facilitates the placing of products of local societies on the market. It is in this way that each individual co-operator, be he in a large or small way, can buy and sell with equal success, and to the best advantage.

If that system commends itself to you—then each State in Australasia should have its own federation of local societies, each one of which would, in turn, federate with a Central Australasian Society. This once accomplished, it should be easy for the representative of this central body to be in touch with the Central Agricultural Organisation Board in London, and buy there at ground floor prices, while placing Australian and New Zealand co-operative products upon the European markets to the best advantage.

There is much political talk and some political action directed to foster inter-Imperial trade—more especially since we have discovered how Germany, to serve her military needs and material conceptions, spun a vast web in which she so netted the industrial world as to be able to secure for her industries the raw products and minerals of the Empire and other countries. We know now what we are up against, and one of our counterstrokes must be to foster trade within the Empire. And, if there are many ways of doing this, none can be more effective than the agency of co-operative and agricultural organisations and societies.

Inter-Imperial
trade and
Co-operative
organisations.

In the Old Country co-operation has little to do with politics. It is thought that business and politics are two separate activities, and that political and agricultural schemes

The benefit of a sound agricultural organisation.

mix no better than certain chemicals, one of which destroys the other, but of course nothing would induce me to suggest which of the two elements would be likely to be swallowed up.

A sound system of agricultural organisation has an invigorating effect on the agricultural world. It awakens intelligent self-help, self-reliance, and that spirit of loyalty to one another which is the essential element in effective co-operation. It also has an excellent effect on the body politic which is soon reflected in public policy.

Agriculturists in combination can finance a crop, sell in the best market, buy to the best advantage, protect their rights, and while protecting their rights realise those of the public as a whole. And from the point of view of agriculture is it not obvious that if all this has been proved in countries so completely dependent upon agriculture as are Ireland and Denmark, co-operation is even more necessary in highly organised industrial countries where, unless the agricultural industry be organised like all others, it is liable to meet the fate of the stick which fell out of the faggot?

A complete system of organised agricultural endeavour such as this Conference contemplates would secure that the direction of agricultural affairs shall be in the hands of the best business men chosen from amongst those who carry on the industry. To that end all agriculturists, great and small, have to join in. We have to abandon the complacent attitude of mind crystallised in the phrase, "the devil take the hindmost." No doubt the bigger farmer could make his money without co-operation, buying and selling on his own, but the smaller farmer and settler cannot compete without fully organised schemes, and these cannot come into existence without the goodwill and participation of the big farmer, who will find out that by joining in schemes which enable the small farmer to fully participate in profit, he, and indirectly the country, will more surely profit.

Individual initiative, scientific method and collective organisation.

No doubt, for agricultural organisation to be successful, individuals have to surrender a certain amount of the dignity of isolation, and to grow the "community soul," which enables them to identify their interests with those of the whole district and of Australasia. The agriculturist depends, more perhaps than other industrialists, on his own initiative. His methods should be built up on a "three-ply system," that is, of combining individual initiative, scientific method and collective organisation. No industry requires a higher degree of natural intelligence, physical fitness, adaptability, courage, patience, and it is the possession of these qualities which renders the man on the land at his best a king among men.

The second desideratum is to bring science into closer touch with agriculture. Farmers are a little shy of science, and often dispose of its suggestions by labelling them "new fangled." One of my farm managers attributed ill-success to "they damned County Council experiments." I am sure, however, you have got past that stage of prejudice, and that you favour adequate provision of technical institutes and laboratories where the agriculturist can get information at first hand from practical experts.

The Co-operation of the practical Agriculturist with the Scientist.

You see possible merits in a Central Laboratory where the more intricate problems can be worked out by the most skilled scientists available, and you see the use of providing adequate laboratory equipment for Agricultural and Horticultural Colleges. The Agriculturists should be associated with Educationists and Scientists in the management of such institutions, for the practical man who knows the prosaic details of every problem should always be at the elbow of the scientific enquirer with his theoretical notions. The latter can come to the aid of the agriculturist, but he cannot tell him how to conduct his business. No one can do that, not even the Government, though it may give much assistance in providing better transport facilities, and in promoting the destruction of pests and plagues. Also, as is shown in the case of the Westralian Farmers' Association, by co-operating in the storage of wheat.

To call on the Government to do what the agriculturist should do for himself is an avowal of incompetence and a duplication of effort. On the other hand organised agriculture can facilitate Government action in such matters as the prevention of destruction by fire, rabbits, mice, and weevil; the application of regulations affecting agriculture; and the ease for agriculture can be presented with far greater force by an organised than by an unorganised industry.

The strength of
an organised
industry.

We cannot in these days hold organisation in contempt. No industry can do without it—if agriculture tries to, it will find out that when its interests clash with those of other organised industries it will always go under, and the very fact that the agriculturists are numerically in a minority and sparsely scattered over this great area, makes organisation even more important to them than to agriculturists of other countries. This is made plain in the single instance of transport, which is so vital a matter to producers, who are miles from their scattered markets, and therefore need to be in a position to speak authoritatively as to the needs of agriculture, and to see that in the railway and road schemes of Governments the wants of the farmer are not overlooked.

In the Northern Rivers and elsewhere, as well as in New Zealand, there is an admirable system of productive co-operation. In Britain Wholesale Co-operative Societies run gigantic undertakings, such as flour-mills and boot factories, while the Co-operative Store is a corner stone of society. In Ireland agricultural co-operation has made great progress. In Scotland a Central Organisation Society has set up many local societies. We have Fishermen Societies, who collect lobsters in ponds, and market them as advised; timber is sold co-operatively. The exchange of products between societies is fostered. Credit Banks are not yet common, perhaps because our banking system favours overdraft (on security), but Sir Horace Plunket told me that if he were beginning over again it would be with Credit Banks. A landowner and his tenants sometimes form a society, each with one vote, irrespective of the number of shares he holds. Considerable savings have been thereby effected in the purchase of commodities, and besides that advantage it is shown that wherever co-operation is set up there is increased goodwill between neighbours, mutual and individual profit.

Co-operative
Institutions.

But in the main one must admit that no British community is yet so completely organised as are parts of Northern Europe. Therefore you would do well to study co-operation as it is seen in Denmark, where a small agricultural country has made herself rich through co-operation and the export of her manufactured agricultural products.

Co-operation
in Denmark.

New Zealand and Australia have shown that they can compete in the markets of the world with their varied produce, and, as the home market is very small you must make the world your oyster and look beyond the seas for your chief markets. To do this successfully you require all the aid that co-operation can give. Of course, if we lose this war, we need not bother much about co-operation, or anything else. We should then only have to look on, while the Germans organised and exploited our markets. Therefore the agriculturist, like everyone else, must first put his whole might into winning the war, and then, secondly, make such preparation as may be necessary to enable his industry to take full advantage of the Greater Day that will dawn when the declaration of peace brings us customers from every quarter of the globe.

MR. BASIL MURRAY moved a resolution of loyalty to the King and Empire from the Chair, which was adopted with enthusiasm.

Resolution of
loyalty to King
and Empire.

MR. P. H. H. IBBOTT (Chairman Victorian Producers' Co-operative Company Ltd.) moved a hearty vote of thanks to the Governor-General, which was seconded by Mr. Meares, and carried by acclamation. His Excellency replied in felicitous terms.

On the motion of MR. IBBOTT (seconded by MR. McCULLOUGH), MR. BASIL MURRAY, who had hitherto presided as convener, was elected Chairman of the Conference.

MR. BRITTINGHAM was elected Secretary.

MR. BASIL MURRAY thanked the Conference for the honour conferred upon him, and outlined the motive which had led to the calling of the Conference. He exhorted them to act together in regard to matters upon which they did not differ, which would help them to sink any petty differences they might have.

The formation
of a Federal
Co-operative
Company.

MR. HARPER moved the first resolution on the agenda paper—a proposition to form a co-operative company for the purchase and distribution of all requirements of the primary producers.

MR. HARPER (W.A.) pointed out the advantages to be gained from co-operation among farming interests throughout Australia in the matter of collective buying and selling in the markets of the world, also, a central organisation at the seat of government which would enable primary producers to speak with weight and authority, and would raise the status of the farming profession in the eyes of the general public. It would act as the coherer acts in wireless telegraphy.

Progress of
Co-operative
movement in
New Zealand.

MR. RELPH (N.Z.) outlined the progress of the co-operative movement in his Dominion. Advantages had been gained from the mere linking up of one association with another, but more was aimed at than that. A New Zealand Farmers' Co-operative Wholesale Federation was already in existence, and he hoped to see the scheme of federation also adopted in Australia. In addition to their London organisation, offices in the main cities of America and other centres would be needed.

He further suggested that a small sub-committee be appointed to draft a constitution for the proposed Federation. This had been done in regard to their Federation in New Zealand, and the result had been most satisfactory.

Middlemen and
artificial
manures.

The speaker quoted instances where in New Zealand the middlemen, through being able to buy larger quantities of artificial manures than even the co-operative companies, had been able to resell that manure to the companies cheaper than the companies could buy it themselves, and still make a handsome profit. In regard to co-operation amongst the societies and other organised bodies, such as auctioneers, they had been willing to work in with such bodies, provided there was no attempt to fix prices or rates.

MR. W. K. MALLYON (The Farmers' Producers' Co-operative Ltd., South Australia) pointed out that the resolution, as moved, did not convey exactly what was intended. He suggested the addition of the words "also for the purpose of pooling in regard to the sale of their products."

MR. HARPER (W.A.) said that that was clearly intended by the resolution.

MR. SHOOBRIDGE (Tas.) supported the resolution, but suggested that the Conference adjourn to give delegates an opportunity of thinking over what had been said.

The Conference then adjourned till 10 a.m. next day.

SECOND DAY.

MR. SHOOBRIDGE, of Tasmania, in supporting the motion, said that they appreciated the action of Western Australia in initiating the Conference, and thought it was a step in the right direction. The meeting wanted to realise that they were not Victorians, West Australians, or Tasmanians, but Australians. Interstate Conferences removed many difficulties. He had been connected with the fruit industry, and many of the difficulties in that industry had been removed by the Conferences. He thoroughly believed in co-operation, especially for the producer, and more especially still on account of the benefit the small producer received by it. There was no reason why a producer should not always receive a fair reward for his labour. Prices very often might be increased to the producer and reduced to the consumer without any material injury. They could not altogether do without the middleman, but to a certain extent he could be eliminated, and there was certainly no reason why he should take an undue share of the profits, as he very often did, especially with regard to sending their products to oversea markets. Co-operation was a very important matter. It was necessary to see that an article of uniform quality was put on the market, no matter what the product might be. Then, by co-operation, expenses were reduced in every direction—shipping freights, discounts, cost of advertising, and so on.

The Federal nature of the Conference.

MR. GORMAN (representing the Farmers' and Settlers' Co-operative Company of New South Wales) also supported the motion. They had been in existence only a little over nine months, but early this year they had felt the need of a central body. He referred to the buying of cornsacks. He knew enough about the jute business to know that it was necessary to act promptly very often, which could only be done satisfactorily with a central body. He thought the central body should have offices in London.

The need of a Central body.

MR. PURCELL (President of the Queensland Cheese Manufacturers' Association) also spoke in support of the motion. He regretted that no farmers' representatives were present from Queensland, but thought there must be some misunderstanding about the matter. There had been a large meeting at Toowoomba, at which it had been decided to send representatives of the farming, cheese, butter, bacon, and fruit industries. Mr. Roberts, the President of the Farmers' Union, and one of the strongest and most capable men in Queensland, had told him that the Conference had the whole-hearted support of himself and the Farmers' Union. That certainly applied to the Cheese Association of which he was President. Their association consisted of 90 factories, manufacturing on the average about 1000 lbs. of cheese a day. The opinion of nearly everybody in Queensland was that the co-operative movement was the only thing that would save Australia.

MR. RICHARDSON (of the Geelong Co-operative Company), in supporting the motion, said that the different co-operative societies throughout Australia should have their own districts to work in, and that there should not be competition between one society and another. There were different products produced in the different States. Victoria in the past had been a large exporter of chaff to Queensland and the northern portions of Australia, and up to very recently used to send large quantities of butter away to Queensland and Western Australia. If there were a federal co-operative body, in the case of goods sent to Queensland and New South Wales they would have the assistance of the co-operative societies there to dispose of their goods. He thought that Australia should realise that the primary producers were the chief benefit to Australia. They had been almost on top of a drought in the Western District; if that drought had come about, Melbourne would have been affected, and other portions of Australia would have been affected. If they had a few drought seasons the people of Australia would realise the risk they ran, because of the primary producers not being in a satisfactory financial state. The Parliament of Vic-

Competition between Co-operative Societies—the negation of the co-operative spirit.

The Conference
—a natural
and a necessary
evolution of the
development of
the Co-opera-
tive movement.

toria had not realised the importance of assisting the primary producer as it should have done—they were just waking up to the advantage of giving Victorian producers good roads, which should have been made 30 to 40 years ago.

MR. MEARES (Manager of the Coastal Farmers' Co-operative Society, New South Wales) also supported the motion. After thinking the matter over carefully he wondered how it was that some of the older associations had not launched the idea before the Conference long before. They could, with advantage, give a great deal more attention to what had been done in the past—their great achievements with small beginnings, their huge undertakings with a minimum amount of capital, and that would give them a better idea of what could be done. He looked upon the movement merely as a natural and necessary evolution of the development of the co-operative movement which had preceded it. It was simply a matter of units coming together to make a composite whole. He would instance the case of the co-operative butter factories, which had displaced the proprietary factories wherever they existed, to the great benefit of the farmers. That very step necessitated a further one, that is, that the units or factories had to come together into a co-operative selling floor. They recognised the illogical position of producing goods under co-operation and allowing proprietary companies to sell those goods for them.

Finance and
Co-operation.

If they carried that reasoning a little further, they had the existence to-day of the larger unit, the co-operative distributing companies, whether it was wheat, wool, fruit or dairy produce. The time had come when they must pool their buying and pool their selling in the same way. This movement was not a departure in any way—it was only a necessary development. He would stress the fact that finance had undergone a complete change by reason of the co-operative movement. The ordinary joint stock company would not dream of making a beginning until it had a huge amount of capital for the handling of the business, but those who had been pushing the co-operative movement along had had to do it with a minimum amount of capital. The distributing companies had entered into competition with the great organisations with the minimum amount of capital. He would ask them to look at their progress. The fact that they had not any capital to play with simply meant that they could not give extended credit, with the result that there had been a change in the terms from monthly or long-extended credit to almost approaching cash. Through the fact that they had not been able to give credit they had not been able to make any bad debts. Taking the turnover of the distributing companies all over Australia at, say, £11,000,000 or £12,000,000, it would be found that that turnover was conducted on an infinitesimal amount of capital.

Concerns he had been connected with had been prepared to take the risk of allowing people to come in on a minimum amount of capital, because they knew that once they were in and they pocketed the advantages of co-operation they would give them all they wanted later on; that is to say, there was no difficulty about increasing the capital once you had got the thing on a sound footing.

All his experience had been with regard to the commercial aspect of co-operation. There were several factors which made for the success of the co-operative movement. One was the loyalty of the people, the having of a common interest, the next was the results they obtained, and the third the indirect benefits received from the movement.

He would give an instance of how a heavy amount of capital versus a small capital worked. In New South Wales they had a small co-operative company, which did remarkably well for a while, but they went into the freezing of butter, and to keep the thing going in the winter time, they went into sheep freezing, in other words, they departed from their original co-operative plan, and they went down. They complained that it was

Some benefits
of Co-opera-
tion.

because of insufficient capital, but it was not that; it was because they used their ample capital in avenues outside the original constitution. Out of the ashes of that company rose two concerns. The Directors of the old company were guarantors to the bank. The Colonial Treasurer at the time, Sir William MacMillan, argued that the reason for the old company failing was insufficiency of capital, and he set about getting over £60,000 capital into the new company, and the Directors of the company stood behind him. He sought to establish what he called "a co-operative concern." He (the speaker) had had experience of the movement, and he was offered the management. He tried to shape it on semi-co-operative lines, but the more he went into the matter the more he saw that they were changing their articles, and at last he decided he could not go into it, and could not take the management. He went down south and got six or seven farmers together, and formed a new company with 200 shares. As it was not good enough to tax that small company with very much expenditure, he took the store in his own name. At the end of the first six months they were £497 behind their expenses, but at the end of six years the big company had failed, and their company had paid away in bonuses a sum equal to the whole capital subscribed by the other company. To-day the turnover of their company was about three million pounds, and that turnover was conducted on a capital of less than £40,000.

Two business concerns—a contrast.

The movement must be proceeded with in sections, beginning from the bottom and building it up bit by bit. In New Zealand they had what was really a glorified brokership system—a composite order system. They knew what collective bargaining meant and what collective finance meant, and surely from that to collective buying was a very easy step.

Referring to Canada, there they were doing away with the middleman. That principle was not yet established in England, where they have a complex system which did not appeal to him. Sir William Borden, the Chief Commissioner for Canada, when he was in England with regard to immigration, told the farmers there that if they came to Canada they would be able to sell their goods to the people who used them, which was a most powerful argument. He thought the time had arrived when the farmers of Australia should establish their own selling base in England. He had found that the cost of distributing goods in England was very much less than in Australia, because the railway companies collected practically all the products, and the cartage was included in the freight, and the buyer paid. It was costing his own company over £7000 a year for cartage alone.

Canadian Co-operation.

He had been most gratified the other day in meeting representatives from New Zealand at the Conference in Sydney to hear them say they had come over to Australia with the primary object of discussing with us the possibility of their joining in with us, and making an Australasian floor, and yet three or four years ago there was no keener opposition to the whole movement than that which came from New Zealand.

Another feature in connection with the co-operative movement was that people would come together on one common floor and forget all about their local jealousies and rivalries. He believed that what they were aiming at to-day would be the best means of bringing about the amalgamation of the different interests of the various States.

The true spirit of Co-operation.

If the men who in their own companies had made a success of their businesses were drawn out and put on the directorate, then the same experience, the same force of character and the same knowledge of finance would carry them through to a successful issue with the larger scheme.

MR. HARPER asked Mr. Meares how the proposed organisation would fall into line with the general scheme of things as outlined at the Conference called by the Prime Minister.

The necessity
of a clear
recognition of
the value of Co-
operation by
organised pro-
ducers.

MR. C. D. MEARES (Manager Coastal Farmers' Co-operative Society, New South Wales) drew attention to the fact that in Queensland and New South Wales there had been a clearer recognition of the value of co-operation by the organised producers. He also alluded to the great help and encouragement given by the Prime Minister, the Hon. W. M. Hughes, to co-operation. The Prime Minister had also done a good deal to help the Dairying Industry, and had encouraged that industry to organise in London as well as here. He considered the primary producers should be organised in such a way that they would be able to retain to themselves the whole field of operations here, at home, and abroad, in regard not only to the buying and selling of their products, but also in reference to the matter of finance and the use of shipping and the purchasing of their requisites practically as combined wholesale merchants.

Three
watchwords--
Standardisation,
Specialisation,
and Organ-
isation.

MR. HOOTON (Manager New Zealand Farmers' Co-operative Wholesale Federation Limited) stated that he considered a Co-operative Federation was not only a movement natural to the times, but was compulsory. He traced the history of co-operation in New Zealand from its very small beginning to the splendid foundation upon which it now stood, and exhorted the primary producers of the Australian States to go in for grouping and organising. Their three watchwords should be "standardisation, specialisation and organisation." The farmer was a specialist at farming, but he knew very little about buying and selling, just as the specialist in regard to those matters had little or no acquaintance with farming, nor was it necessary in either case that they should have. The moment the Federation became an accomplished fact they had only to ask for recognition as wholesale merchants and they would get it. They must organise, standardise and specialise in regard to every possible branch as to buying and selling, and as to everything else. It would be a splendid advantage to have all the business connected with the various products of the primary producer centred on the one floor in the one building. He also suggested that when they had formed the Federation, each component body could not only collect information, but should impart that information to all the other associations comprised in the Federation. They could, too, prevent great leakage in regard to imports and exports, and the matter of banking exchange if they were able to act as one body.

Primary pro-
ducers and
shipping.

MR. RELPH (Manager New Zealand Farmers' Co-operative Association of Canterbury Limited, Christchurch, New Zealand) mentioned that the balance sheet of his company had shown a profit on advances last year of £23,848. They were largely enabled to do such trading owing to the fact that out of £600,000 worth of importations they had, by co-operation, only to remit £20,000. At a Co-operative Conference in Wellington, it was agreed to form a shipping company in connection with the primary producers with a capital of £6,000,000, but owing to advice from Home they had decided to stay their hands, although they had all the machinery, Memorandum and Articles of Association drafted, and if the farmers did not get a fair deal it could be readily understood they would know what to do after the war, at any rate within a reasonable time after the finish of the war. He was in hearty agreement with Mr. Meares in regard to finance. The pig breeders of New Zealand had been in a bad way without co-operation, and had had to sell at 6d. per lb., but with co-operation, bacon pigs had gone up to fully 11d. per lb., and had never been lower.

MR. HOOTON said he would be very glad if he could be informed whether Australian primary producers were handling the same lines co-operatively as were being handled in New Zealand.

THE CHAIRMAN said that from what he could gather the Australasian Associations were not handling the same lines, but were only dealing with the selling of their produce. In Western Australia they had a Federation of 72 co-operative companies, which all worked

practically on the same lines, not only as to buying and selling, but bought all their requirements from a needle to an anchor.

MR. HOOTON invited the delegates to lunch with him.

THE CHAIRMAN intimated that the Governor-General had asked the delegates to have afternoon tea with him at 4 o'clock. It had been suggested by some of the speakers that they should adopt throughout Australia the brand "Co-op." within a chain, but it had been found that that brand had already been registered and used by a grocer who had been dead for over 20 years. However, they could endeavour to ascertain who were the grocer's heirs and executors, and see if they could purchase the brand. A trade brand.

MR. J. MCKENZIE (Gippsland and Northern Co-operative Selling and Insurance Company, Victoria) supported the resolution, and suggested that if they could not make use of the word "Co-op." they might use the chain part of the brand. He gave an instance of where four co-operative companies instead of trying to help the producer were fighting amongst themselves, a thing which could not possibly happen with true co-operation.

MR. WATTS (The Coastal Farmers' Co-operative Society Limited, New South Wales) stated that he had been for a very long time connected with co-operative work, and advocated the adoption of co-operation in connection with the manufacture and sale locally of all products. Queensland had its various co-operative agencies. Every one of the co-operative companies had been able to give to the farmers large profits in the way of bonuses, and if co-operation were extended to the markets at home and abroad it would be just as easy to make large profits for the producer and farmer there, because the profits that had been made were only on selling commissions.

MR. P. H. H. IBBOTT (Chairman Victorian Producers' Co-operative Company Limited) advocated a greater Co-operative Federation. Some of the producers when approached had stated that they did not consider the time for co-operation opportune. That view he thought was right at the time, and so did most of the producers. His company had been the first people to handle wool in Victoria co-operatively, and they were now handling wheat. They had never attempted to overlap with any other business, and would endeavour to avoid it. They were quite prepared to go the whole hog with regard to co-operation, and would not object to making those sacrifices which might be necessary to avoid overlapping. A Co-operative Federation advocated.

MR. MCKENZIE rose to make an explanation, and stated that he did not by his remarks intend to specially single out Victorian producers for attack in regard to overlapping and so on.

MR. OSBORNE (Manager Western Districts Factories Co-operative Produce Company, Victoria) said that those who had co-operated on a smaller scale were bound in duty to the larger scheme. He considered if the farmers concentrated the whole of their produce on their own floor they would effect economies and reap the full fruits of their labour. He threw out a suggestion that it would be advisable to create State Committees as well as a State Council. Economy of operations.

MR. WILSON (Manager Gippsland and Northern Co-operative Selling and Insurance Company Limited, Victoria), as one of the Victorian section of primary producers, stated that anyone who had studied the history of co-operation must have foreseen that such a gathering as he was then addressing must come sooner or later. They should follow the example of the labouring classes in Great Britain, in which connection he pointed to the Wholesale Co-operative Society of Manchester, which had attached to it huge manufacturing concerns involving every branch of buying, selling, and distribution. Not long ago the United States of America had appointed a Commission to inquire into the increased cost

of living. That Commission travelled to all the principal countries of Europe, and through all the States of America. It came to the conclusion that the best way to reduce the cost of living was to adopt the principle of co-operation, as co-operation was a world-wide movement. They had made considerable progress so far as co-operation applied to their production was concerned, and had gone a certain way in the marketing of that produce. When he started with co-operation the whole of the capital at the disposal of himself and his colleagues was £867. Without increasing their capital for three years they had an average turnover of £300,000, and the third year their turnover was twice as much as their paid-up capital, while the turnover for this year would be 2½ millions.

THE CHAIRMAN, by way of explanation, said that he desired to correct an erroneous impression which might be conveyed by the *Argus*, which reported him as saying that most of the co-operative companies which had held Conferences previously had been a failure, and had passed ridiculous resolutions of which nothing had been heard. He did not refer to co-operative associations, but simply to those bodies which had no ballast in them. He drew attention to the intense application of the principle of co-operation in Germany.

MR. HYNDES (Farmers', Stockowners' and Orchardists' Association, Tasmania) said that co-operation had been the means of bringing about standardisation and organisation amongst the fruitgrowers with very good results. The fruitgrowers of Tasmania were about to co-operate with the coastal farmers, New South Wales. They recognised that one co-operative scheme should work with another in regard to the selling of their products, and standardisation would engender confidence in the buyer.

The Conference adjourned till 2.15.

MR. LEWIS, of the Victorian Butter Factories Co-operative Company, at the invitation of the Chairman, outlined what had been done by his company in the way of establishing freezing works and box factories, in conjunction with other companies, and said that they had the most up-to-date machinery to be found in Australia at their works.

He pointed out that his company in this connection had been largely responsible for reducing the selling agents' commission from 5 per cent. to 3 per cent. That alone, in his opinion, justified co-operation.

He also referred to a previous Conference in Sydney at which the New Zealand delegates were present. He said he regretted that the resolutions at that Conference had not been carried out by a certain section of the producers in New South Wales, which was likely to affect the whole of the producers of Australasia. He hoped that the present Conference would be more successful, and that any conclusions arrived at would be honourably carried out. He promised the utmost support for the new organisation from the Victorian Co-operative Company.

MR. CUMMINGS (Goulburn Valley Industries Company Limited) also promised the support of those whom he represented to the new Federation. In his opinion the chief advantage would be that such a representative organisation could exert its influence with the Government in matters affecting their interests. He further pointed out that the artificial manure manufacturers would not deal with the co-operative companies, but preferred to deal direct with the farmers.

MR. KELLY (Victorian Producers' Co-operative Company Limited, Victoria) strongly supported the proposed Federation. He gave several instances of the way in which the farmers' interests had been neglected by the Commonwealth and State Governments, and said that in connection with the Royal Commission on Stripper Harvesters, its recommendations had been accepted for the manufacturer and the workers, but instead of the price

to the farmers being reduced by £10, as they recommended, it had been increased by £4 or £5.

He said that they also made representations to the artificial manures manufacturers, but that they would not supply the co-operative companies.

MR. HATCHER (Wimmera Inland Freezing Company Limited) endorsed the remarks of the two previous speakers. He also complained of the unsatisfactory selling arrangements on the other side, and hoped the Federation would at once arrange to have its own selling agent in London. Selling agent in London.

MR. W. K. MALLYON (S.A.) said that the machinery manufacturers in South Australia supplied their goods to a middleman, and although the manufacturers got as much as 33 and a-third per cent. profit, yet the middlemen put another excessive profit on top of that. He said the farming community was more heavily taxed than any other section.

MR. HARPER (W.A.), in replying as the mover of the motion, gave some very strong reasons why the Federation should be gone ahead with vigorously. He said that owing to the action of the Commonwealth Government in unduly protecting the merchants, they had the producers of skins, etc., at their mercy. Also, the merchants in Western Australia were prepared to accept a probable loss of £20,000 in connection with the wheat crop in Western Australia, but they expected to make that up on their transactions in the Eastern States, as they operated in all the States.

He also outlined the system of small co-operative companies in the country districts controlled by the local men themselves, which he represented. All of those small concerns had been most successful.

He further pointed out that owing to the present unsettled condition of trade it was a splendid opportunity for the farmers and producers to step in and get the full return that they were entitled to for their produce. He thought it was an opportunity which might never occur again, as the vested interests which they had to contend with were at present lying on their oars. The Producers' opportunity.

THIRD DAY.

The Conference resumed its sittings at 10.30 a.m., with Mr. Basil Murray in the Chair. The first business brought forward was the report of the Committee appointed to draw up rules and regulations for the proposed Federation. Mr. Harper, of Western Australia, moved the adoption of the Committee's Report. This was seconded by Mr. L. Shoobridge, of Tasmania, and carried unanimously.

The various clauses of the report were then taken *seriatim*. The first clause decided was—"That the name of the organisation be 'The Australian Producers' Wholesale Co-operative Federation Limited.'" This was adopted on the motion of Mr. Badcock (South Australia), seconded by Mr. Cummings (Victoria). Name of the Federal Organisation.

A long discussion then took place on the question of the capital of the proposed company, which was proposed with a nominal capital of £50,000 in 5000 shares of £10 each, £1 payable on application, £1 on allotment, and the balance at the discretion of the Directors. Mr. Relph, of New Zealand, outlined what had been done in this direction in the formation of a similar concern in the Dominion. Mr. Gorman (New South Wales) objected to the proposed capital on the ground that it would shut out the smaller concerns, some of whom had not done well in recent years. This view was supported by other representatives, including Mr. Hyndes, from the Huon, Tasmania, representing the fruit-growers, and Mr. Bennett, from the Goulburn Valley. Capital of the proposed Company.

MR. HARPER pointed out that the strong co-operative companies in Victoria had all been composed of strong companies. He thought that if the small companies could not pay the cost of coming into the larger Federation they might federate with each other first, which would reduce the cost to them. The 2 per cent. basis would allow the fruit-growers to come in. It was better for the smaller companies to try and amalgamate amongst themselves first until they were in such a position as would enable them to claim amalgamation. It was impossible to find a basis to suit everybody.

A large Capital Reserve not necessary.

MR. RELPH stated it was not contemplated that any large sum of money would be required as long as operations were restricted to certain lines. The smaller concerns must require certain requisites the same as the larger concerns, and the Federation aimed at their getting the profit on those requisites for all the co-operative companies concerned which the merchants were now realising. His own association, for instance, was able to buy on better terms than some of the smaller concerns, but they did not want that, they desired equality for all. They wished to generate a feeling of confidence that it was to the interests of all to co-operate.

The position of the small Companies.

MR. BENNETT said that the company he represented did not require to make purchases on so large a scale as other companies, and probably did not purchase to the extent of £1000 a year at all, so that the Association would not be a very great advantage to them. He thought the profits made by his association would be mostly in the way of saving of the commission.

Basis of application for Shares.

MR. GORMAN moved the following resolution:—"That the basis of application for shares be 2 per cent. on the paid-up capital of the company making application, provided that any company which has not made a profit of more than 6 per cent. per annum for the past three years be allowed to join on terms arranged with the Directors, but the Directors are to have the right on any such company earning more than 6 per cent. per annum to call upon it to make up its deficiency of capital," which was carried. Various other clauses in the proposed prospectus of the intended company were carried.

The following gentlemen were elected provisional Directors of the proposed company:—Messrs. Ibbott, Wilson, Osborne, Victoria; Messrs. Meares and Gorman, New South Wales; Mr. Basil Murray, West Australia; Mr. Galbraith, Queensland; Mr. Badcock, South Australia.

Further resolutions of a routine character were also adopted.

Appreciation of His Excellency the Governor-General's interest in the movement.

MR. RELPH moved that a letter of thanks be sent to His Excellency the Governor-General for presiding. He said that His Excellency had won the goodwill of all by his very great courtesy and kindness, and had shown himself very keenly in sympathy with the co-operative movement.

The motion was seconded by Mr. MALLYON, and carried by acclamation.

MR. PURCELL moved and MR. SHOOBRIDGE seconded a motion according the thanks of the meeting to Mr. Basil Murray for presiding, which was also carried by acclamation, several delegates bearing testimony to the excellent manner in which Mr. Murray had conducted the proceedings.

MR. BASIL MURRAY, in acknowledging the vote of thanks, paid a very warm tribute to the work done by Mr. Stirling Taylor. The silent worker of the party from Western Australia, he could honestly and frankly tell them at once, who had done more useful work, and had more useful knowledge of the co-operative movement than both his colleague, Mr. Harper, and he put together, was Mr. Stirling Taylor. The heart and soul of the whole suggestion in reference to this Conference had been his. Curiously enough, with all his ability, Mr. Taylor did not put himself forward in Conference work, but he thought the most enthusiastic co-operator of them all, not even excluding their New Zealand friends, was Mr. Stirling Taylor.

While the idea of the Conference emanated from Mr. Taylor, he and Mr. Brittingham had been for months past corresponding in regard to the whole of the business connected with the idea, and the success of the Conference was largely due to the united efforts of these gentlemen.

MR. BRITTINGHAM read a paper on the importation of cornsacks. It mentioned that at a Convention of Farmers held at Port Fairy in July, 1916, an item on the agenda paper was a "Request for the State Government to import cornsacks for the coming harvest." Nothing, however, was done with the matter, and the solution of the problem was left for co-operative effort. In July, 1916, the Victorian Producers' Co-operative Company Limited had only imported 5000 bales per year, but the importation for the two following years had been 8000 and 14,000 bales respectively, which had been distributed in the manner of a pool to the farmer at one price for the season. His company had also become one of the largest jute importers and distributors in the State, which was a clear indication of the fine results which would follow from the combination of the whole of the co-operative companies of the States, as the farmers would be able to do all their banking and the buying of their requisites co-operatively. A farmer could pay a deposit with his order for cornsacks of 10 per cent. or 20 per cent., with the balance of the purchase money to be paid by promissory note payable at harvest, or by giving him an order against his wheat certificate. This would be a splendid counteraction against the speculative instinct of the merchant and the speculator. Sacks in normal times could be bought with perfect safety in the off seasons for harvest delivery, the average being lower than the increased quotations that farmers have to pay at a later period of the season. The jute merchant or speculator did not buy sacks haphazard. He had the prices of the previous year to guide him. The opening Calcutta sales were generally feelers, and in some instances early sales were made at low figures, a lull for a month or two following. There was nothing to prevent the formation of a Federation of Co-operative Societies interested in the jute trade, the required capital being computed and contributed upon a pro rata basis according to the approximate requirements of the company interested. The representative in Calcutta could advise each company in ample time with regard to the allotment in the monthly shipments.

MR. CLEARY: There is a movement in the air to cut the co-operative companies out, and to bring about a system of State handling of wheat; that is to say, the Wheat Commission is to do the whole of the handling itself. That is not in the best interests of the producers. We want to bring out a system whereby the co-operative companies of Australia will receive the whole of the wheat. Those agents who are operating, who are also receiving oversea commission, have a decided advantage over co-operative companies here, who are not receiving any oversea commission. We want to discuss these two things at this Conference, and see if it is not possible to bring about a system whereby the handling of wheat can be left to the co-operative companies. We should have equal representation on the other side of the world, and participate in the commission or commissions that are obtained oversea. Co-operative companies will have to get their organisations going before the harvest comes. It is time the co-operative leaders in the different States knew their position in regard to the coming harvest.

It was resolved that a deputation from the Conference should be appointed to wait on Senator Russell in regard to the recognition of the co-operative companies in connection with the distribution of cornsacks, and also in reference to the wheat pool.

A hearty vote of thanks was accorded to Mr. Brittingham for his paper.

MR. STIRLING TAYLOR (W.A.) said the war has shown, with startling clearness, the importance of primary production. The British blockade of Germany, and the submarine

Importation of Cornsacks.

Co-operative handling of Wheat.

The Status
of the farmer.

campaign are prosecuted with the same object—to stop the importation of foodstuffs and raw material until the enemy is reduced to such straits that there is only the choice between capitulation and wholesale starvation. Statesmen and leaders everywhere have stressed the importance of increased production—the farmer has been appealed to time and again, he has been declared equal in status to the soldier who is fighting in the trenches—because he is producing that without which nations can neither live nor fight. But this is not all. For the first time it seems to have dawned on Governments that something more than patriotic urging and rhetorical praise of the producers' invaluable efforts to carry on is absolutely essential. This something else is a specific guarantee that those who produce should be properly paid for producing. In Great Britain, in the United States, in Canada, and in Australia, it has been found necessary to guarantee a price to the farmer for his produce—in other words, to insist that hard and vitally necessary work shall be recompensed by fair wages. There must have been some specific reason for this.

On resuming at 2.45 p.m.,

THE CHAIRMAN informed the meeting that the Liberal party of Western Australia, which was really the backbone of the Nationalists party, had, at a meeting held since they (the delegates) had left Western Australia, declared for Free Trade on the implements of the farmer.

The Tariff
and Protection.

MR. STIRLING TAYLOR (W.A.), speaking with regard to the Protective Tariff, said that he was not going to ask the Conference to approve of any plan that would close up the manufactories, but he believed that the methods adopted in the past had been wrong, that they had developed something of the hot house plant type of industry. They in Western Australia were finding wheat growing an expensive hobby, and if they were going to continue growing wheat, conditions would have to change. His remarks applied also to other parts of the world; for example, the province of Saskatchewan. In the United States it had been found that a lot of the growers had made a loss, whilst others had made less than their hired men. Then Mr. Woodrow Wilson took an interest in the matter, and freed not only every implement of production from the burden of the tariff, but also freed everything that the farmer required right down to his boots and shoes. In America, when the time came for fixing a price for wheat, of the twelve men selected by Mr. Hoover, there were no less than six direct representatives of agriculture. They were told that when they fixed their price they were to get at the cost of production, and then provide a price that would show the grower a fair and reasonable margin of profit. The price suggested was 6s. a bushel, but the growers were able to prove that it cost them more to grow it at that time, and they asked for 10s., and after considerable argument, 9s. 2d. was arrived at.

The Government of the United States of America consulted the various agricultural co-operative bodies, and after determining the average cost of producing wheat, allowed what they considered a fair margin of profit, and fixed the price at over 8s. per bushel at sidings. The President went further to free the farmer from all tariff burdens. He found the tariff was limiting production, and would have none of it.

New Farm
Loan System.

He also found that agricultural money was too dear, and the loans too short. Three and five year loans, at from 8 to 12 per cent., with heavy procreation fees on every renewal were ruining the industry, and he instituted the wonderful New Farm Loan System that will enable any farmer with adequate security to borrow whatever sum of money he needs to enlarge his operations, or to increase the productivity of his farm. This new loan system will reduce by at least two per cent. the average rate of interest now paid upon farm loans in that country, and as the aggregate of those loans is estimated at three

billion dollars it will lift a burden of sixty million dollars, or about twelve million pounds a year off the shoulders of American agriculture.

We frequently hear that our farms are unable to make wheat growing pay, and we also frequently conclude it is because the country is poor, or because our farmers are at fault, and we readily run away with the idea that in America, where most of the Allies' wheat is coming from at present, the conditions are altogether different. It is as well before laying the blame on the country, rather than the Government, to look at these countries.

Within recent years a number of State agricultural experiment stations and the Department of Agriculture have been making what they call "surveys" of farms in various parts of the country, in order to learn what the farmers are doing as managers of their business—the most vitally essential of all businesses. Competent men have been sent to farms of many sizes and varieties of soil to make exact records. In the books they kept were set down the size and the market value of each farm; the investment in stock, tools and so forth; and the cost of operation, including the labor of the farmer and his family, so that an accurate balance-sheet could be made at the end of the year.

Recent Surveys
Show the
Benefit of
Farming in
Larger Units.

The facts thus obtained, together with the observations and opinions of the investigators, have been printed in bulletins, of which one issued by the Agricultural College of Cornell University is a fair sample. With the whole world facing a food shortage, certain facts set forth in this bulletin should be of universal interest. For example:

Out of 749 farms investigated, "one-third of the owners made less than hired men, one-third made about the same as hired men, and one-third made more than hired men." On 80 of these farms the owners actually lost money, and on 132 others the owners received for a year's labor sums varying from 4s. to £40. The most prosperous of these 132 farmers worked the year through for less than 2s. 4d. a day and his board.

If the exigencies of the great war have proved anything, that thing is the efficiency of team work—co-operation. By co-operation the railroads of the country are handling a vastly increased traffic, while the influence of co-operation upon the fabrication of ships, the building of trucks and aeroplanes, and the production of munitions is incalculable.

Efficiency of
team work.

Even the farmers have learned its benefits, for a farmers' union dictates the price of milk in New York, while other unions sell the fruits of California and the truck of the Eastern shore. Show the farmers that co-operation will produce as great benefits in the producing end of the business as in the selling, and they will not fail to see the light.

The Government of Canada also set about improving the condition of their farmers. They not only guaranteed over 8s. per bushel at sidings, but also purchased 1000 light Ford tractors to sell to farmers at a specially attractive price. They also made grants for the purpose of helping farmers to market their produce co-operatively, and they also are now making available cheap money for the purpose of increasing production.

A paternal
Government.

In Italy, too, men had been leaving the land, and to encourage them to stay the Italian Government had offered them 13s. a bushel.

He did not want the Government to give them anything—all he wanted them to do was to take some burden off their shoulders. They had been able to show in Western Australia that the tariff meant over 1s. per acre per annum, whether the growers had a failure or not.

With regard to harvesters, they had been really paying for competition—that is what it came to. It had been proved that a locally-made harvester cost something like £41, and the difference between that sum and the figure quoted by the gentleman from South Australia was enormous. He showed that the cost of the harvester to-day was well over £100. If the tariff and the help that they were getting from submarines at present were not sufficient, then the manufacturers of harvesters ought to go out of business.

"Passing on"
and the farmer.

He hoped that their New Zealand friends would tell them something about the hemp or flax industry of that country before the Conference closed. With regard to binder twine, during the last few years they had been forced to go to New Zealand for a better quality. Many of them would remember the great coal strike in New South Wales a little while ago. The argument had been used by the miners that the owners could easily pass the price on, and when they went before the Arbitration Court they got the 15 per cent. increase they asked for, and the mine owners got the right to charge 3s. a ton extra for their coal. Passing on had become a fine art, not only with coal miners, but with everybody else, bar the unfortunate farmer. He simply asked for some relief from the burdens that were wearing them out.

THE CHAIRMAN asked the Conference would they go any further with the question of a protective tariff on the implements of the farmer at that stage?

No debate
upon tariff.

MR. GORMAN said that they had better agree to differ on that matter. He was of opinion that in order to get population in Australia they must have manufacturing industries, and while he admitted that conditions were pressing rather harshly on the farmer at the present time, he thought there was some other way out of it than adopting a free trade policy.

MR. TAYLOR was thanked by the Conference on the motion of the Chairman for his address, and it was decided that nothing further would be done in the matter at the Conference.

THE CHAIRMAN informed the Conference that a deputation would wait on Mr. Watt with regard to the wool business immediately one could be arranged.

Some Co-
operative
methods in
New Zealand.

MR. RELPH enlarged on the wonderful help additional capital in an enterprise gave, and quoted their New Zealand experience, and gave figures regarding nine co-operative associations comprised in the Farmers' Wholesale Co-operative Federation of New Zealand. In New Zealand, he said, they took money from retired farmers, and he asked why that should not be done when it was to assist the younger generation. In New Zealand they had had a visit from a gentleman from Pietermaritzburg, and as a result of that visit, the co-operative movement was forging ahead in Africa.

Mr. Relph continued his remarks, and said that as far as the New Zealand Federation was concerned they would do everything in their power to co-operate with the Australian Federation. One line which he mentioned was the supply of twine made from New Zealand flax. He offered to supply this to the Australian Federation at the lowest possible rate.

He also referred to efforts the New Zealand Federation had made to obtain the agency for petrol supplies in New Zealand, but owing to their not having a National Federation, that agency had gone to a private merchant.

He strongly advocated the placing of large single orders with British and American firms, as the drift of modern commerce was to deal with large turnovers in individual orders rather than numerous smaller orders.

The Chairman, on behalf of the Conference, conveyed its thanks to Mr. Relph for the able advice and assistance he had given.

Close of
Conference.

The proceedings closed with votes of thanks to the Chairman, the Secretary and the New Zealand representatives.

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